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Financing of the United Nations Peacekeeping Force in Cyprus

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Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 1998 to 30 June 1999. The General Assembly, by its resolution 52/241 of 26 June 1998, appropriated an amount of $45,276,160 gross ($43,536,860 net) for the maintenance of UNFICYP.

Expenditures for the period totalled $44,902,200 gross ($43,115,200 net), resulting in an unencumbered balance of $374,000 gross ($421,700 net).

The unencumbered balance resulted from lower travel costs under civilian police personnel and lower operational cost requirements under transport operations, supplies and services, communications and infrastructure repairs.

The action to be taken by the General Assembly in connection with the financing of UNFICYP is a decision on the treatment of the unencumbered balance of $374,000 gross ($421,700 net) for the period from 1 July 1998 to 30 June 1999.

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I. Introduction

1. The United Nations Peacekeeping Force in Cyprus (UNFICYP) was established by the Security Council in its resolution 186 (1964) of March 4 1964. From the inception of the Force until 15 June 1993, costs were financed by troop-contributing countries, by the Government of Cyprus and by voluntary contributions to UNFICYP (article 19 of the Agreement concerning the Status of the Peacekeeping Force in Cyprus). The General Assembly, by its resolution 47/236 of 14 September 1993, decided that the costs of the Force for the period beginning 16 June 1993 that were not covered by voluntary contributions should be treated as expenses of the Organization to be borne by Member States in accordance with Article 17, paragraph 2, of the Charter of the United Nations. The Force's mandate has been extended by the Council in subsequent resolutions, the most recent of which was resolution 1283 (1999) of 15 December 1999 by which the Council extended the mandate of the Force to 15 June 2000.

2. The budget for the maintenance of UNFICYP for the period from 1 July 1998 to 30 June 1999 was set out in the report of the Secretary-General dated 24 February 1998 (A/52/775/Add.1) and amounted to $43,009,000 gross ($41,269,700 net). The cost estimates provided for the maintenance of the Force, consisting of 1,230 contingent personnel and 35 civilian police monitors, supported by 265 (44 international staff and 221 local) civilian staff. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 27 of its report dated 3 April 1998 (A/52/860/Add.4) recommended, *inter alia*, that the General Assembly approve the amount of $43,009,000 gross ($41,269,700 net) for the maintenance of UNFICYP for the 12-month period beginning 1 July 1998.

3. The General Assembly, by its resolution 52/241 of 26 June 1998, appropriated the amount of $45,276,160 gross ($43,536,860 net) for the maintenance of UNFICYP for the period from 1 July 1998 to 30 June 1999, inclusive of an amount of $2,267,160 for the support account for peacekeeping operations. The Government of Cyprus provided one third of the cost of the Force ($14,512,300), and the Government of Greece provided $6,500,000 through voluntary contributions. An amount of $24,263,800 gross ($22,524,560 net) has been assessed on Member States.

II. Implementation of the budget

4. Information on the operations of UNFICYP, and on the situation on the ground during the reporting period under review is contained in the reports of the Secretary-General to the Security Council dated 7 December 1998 (S/1998/1149), 22 December 1998 (S/1998/1149/Add. 1), 8 June 1999 (S/1999/657), 22 June 1999 (S/1999/707) and 29 June 1999 (S/1999/657/Add.1).

5. During this period, the mission strengthened its procurement capacity and undertook economy and efficiency activities in order to reduce operational costs. UNFICYP continued to maintain a freeze on recruitment in order to reduce the staffing levels by attrition. During this period, a number of support posts that had become vacant resulted in the reduction of six posts effective 1 July 1999. The average vacancy rate of 8 per cent for international staff and 1 per cent for locally recruited staff entailed a realignment in the scope and general administrative support provided, but did not have an adverse effect on the carrying out of the Security Council mandate or the Force's operations.

6. Unutilized balances realized under civilian personnel costs, infrastructure repairs, transport operations and supplies and services, were in part utilized to cover additional

requirements under premises/accommodation owing mainly to the unbudgeted cost of the UNFICYP share in the special work done to the installation in the British Retained Site, the unbudgeted upgrade of electronic data-processing hardware and software to ensure year 2000 compliance, and the funding of the mission's share of the cost of financing the United Nations Logistics Base at Brindisi.

7. For the period under review, non-budgeted voluntary contributions in kind were received from the Governments of the United Kingdom and Germany amounting to some $130,400. A team of engineers from the United Kingdom assisted UNFICYP in the renovation of four accommodation blocks of the Mobile Force Reserve in the United Nations Protected Area. This contribution was valued at some $80,800. The Government of Germany donated medicines and medical supplies to UNFICYP in October 1998, valued at some $49,600.

III. Financial performance report for the period from 1 July 1998 to 30 June 1999

8. Table 1 below indicates the appropriation of $45,276,160 gross ($43,536,900 net) for the maintenance of UNFICYP for the period from 1 July 1998 to 30 June 1999. Expenditure amounted to $44,902,200 gross ($43,115,200 net), inclusive of $14,103,510 in unliquidated obligations. The resulting unencumbered balance of $374,000 gross ($421,700 net) represents in gross terms, approximately 0.8 per cent of the amount appropriated. Annex I contains the financial performance information for the reporting period by budget line, with supplementary information on significant variances presented in annex II. Annex III contains charts depicting the planned and actual deployment of military and civilian personnel for the period from 1 July 1998 to 30 June 1999. Annex IV contains a chart showing the apportionment and expenditure for the period from 1 July 1998 to 30 June 1999.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure*[a]	*Variance*
Military personnel	22 501.8	22 502.2	(0.4)
Civilian personnel	10 564.6	10 477.4	87.2
Operational requirements	8 195.8	7 482.4	713.4
Other programmes	7.5	22.8	(15.3)
United Nations Logistics Base at Brindisi	-	363.2	(363.2)
Support account for peacekeeping operations	2 267.2	2 267.2	-
Staff assessment	1 739.3	1 787.0	(47.7)
Gross requirements	**45 276.2**	**44 902.2**	**374.0**
Income from staff assessment	(1 739.3)	(1 787.0)	47.7
Net requirements	**43 536.9**	**43 115.2**	**421.7**
Voluntary contributions in kind (budgeted)	-	-	-
Voluntary contributions in kind (non-budgeted)	130.4	130.4	-
Total resources	**45 406.6**	**45 032.6**	**374.0**

[a] Includes an amount of $14,103,500 in unliquidated obligations.

9. Information on the deployment of military and civilian personnel during the reporting period is presented in table 2 below and detailed in annex III.

Table 2
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1998 to 30 June 1999

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military contingents	1 230	1 235	(0)
Civilian police	35	35	1
International staff	44	41	8
Local staff	221	218	1

IV. Action to be taken by the General Assembly at its fifty-fourth session

10. **The action to be taken by the General Assembly in connection with the financing of UNFICYP is a decision on the treatment of the unencumbered balance of $374,000 gross ($421,700 net) for the period from 1 July 1998 to 30 June 1999.**

Annex I

Financial performance report for the period from 1 July 1998 to 30 June 1999: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
I. Military personnel				
1. Military observers	-	-	-	-
2. Military contingents	21 071.9	-	21 072.3	(0.4)
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	1 229.9	-	1 229.9	-
(b) Self-sustainment	-	-	-	-
(c) Death and disability compensation	200.0	-	200.0	-
Subtotal, line 3	1 429.9	-	1 429.9	-
Total, category I	**22 501.8**	-	**22 502.2**	**(0.4)**
II. Civilian personnel				
1. Civilian police	354.8	-	246.0	108.8
2. International and local staff	10 209.8	-	10 231.4	(21.6)
3. United Nations Volunteers	-	-	-	-
4. Government-provided personnel	-	-	-	-
5. Civilian electoral observers	-	-	-	-
Total, category II	**10 564.6**	-	**10 477.4**	**87.2**
III. Operational requirements				
1. Premises/accommodations	1 107.5	124.7	1 255.2	(147.7)
2. Infrastructure repairs	200.0	-	143.1	56.9
3. Transport operations	2 621.2	251.8	2 141.8	479.4
4. Air operations	1 354.9	235.4	1 363.8	(8.9)
5. Naval operations	-	-	-	-
6. Communications	914.2	362.7	787.7	126.5
7. Other equipment	336.3	498.0	498.0	(161.7)
8. Supplies and services	1 575.3	20.4	1 206.4	368.9
9. Air and surface freight				
(a) Transport of contingent-owned equipment	-	-	-	-
(b) Commercial freight and cartage	86.4	-	86.4	-
Subtotal, line 9	86.4	-	86.4	-
Total, category III	**8 195.8**	**1 493.0**	**7 482.4**	**713.4**

Category of expenditure	(1) Apportionment [a]	(2) Non-recurrent expenditures	(3) Total expenditures (inclusive of non-recurrent expenditures)	(4) = (1 - 3) Variance
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	7.5	-	22.8	(15.3)
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	**7.5**	**-**	**22.8**	**(15.3)**
V. United Nations Logistics Base at Brindisi	**-**	**-**	**363.2**	**(363.2)**
VI. Support account for peacekeeping operations	**2 267.2**	**-**	**2 267.2**	**-**
VII. Staff assessment	**1 739.3**	**-**	**1 787.0**	**(47.7)**
Gross requirements, categories I-VII	45 276.2	1 493.0	44 902.2	374.0
VIII. Income from staff assessment	**(1 739.3)**	**-**	**(1 787.0)**	**47.7**
Net requirements, categories I-VIII	43 536.9	1 493.0	43 115.2	421.7
IX. Voluntary contributions in kind (budgeted)	**-**	**-**	**-**	**-**
X. Voluntary contributions in kind (non-budgeted)	**130.4**	**130.4**	**130.4**	**-**
Total	**45 406.6**	**1 623.4**	**45 032.6**	**374.0**

[a] Based on appropriation provided by General Assembly resolution 52/241.

Annex II

Supplementary information on significant variances

Civilian personnel

Apportionment: $10,564,600; expenditure: $10,477,400; variance: $87,200

1. The unutilized balance of $87,200 under this heading was due to savings of $108,900 under civilian police costs, which was largely due to the fact that one Government providing civilian police does not seek reimbursement for its repatriation/rotation costs. These savings were offset by additional requirements of $21,700 under the international and local staff category. Although average vacancy rates for international and local staff for the period, were 8 per cent and 1 per cent respectively (see table 2), additional costs were incurred owing to an unforeseen increase in local staff salaries of 1.6 per cent effective 1 October 1998.

Operational requirements

Apportionment: $8,195,800; expenditure: $7,482,400; variance: $713,400

2. The unutilized balance of $713,400 under this heading resulted from reduced requirements totalling $1,031,700 under infrastructure repairs ($56,900), transport operations ($479,400), communications ($126,500) and supplies and services ($368,900). These savings were offset in part by additional requirements totalling $318,300 under premises/accommodation ($147,700), air operations ($8,900) and other equipment ($161,700).

Premises/accommodation

Apportionment: $1,107,500; expenditure: $1,255,200; variance: ($147,700)

3. Additional requirements of $147,700 under this heading arose from the requirement of $132,100 for the cost of the Force's share of maintenance services and for special works to installations in the British Retained Site which had not been foreseen, and an amount of $32,300 required for urgent repairs to camps and observation posts. These expenditures were offset in part by savings under rental of premises and utilities.

Infrastructure repairs

Apportionment: $200,000; expenditure: $143,100; variance: $56,900

4. Subsequent to approval of the budget, it proved possible to obtain required engineering equipment from the United Nations Logistics Base at Brindisi. As a result, savings of $56,900 were realized since it became unnecessary to hire equipment and operators to carry out the planned upgrading of road works in the mission.

Transport operations

Apportionment: $2,621,200; expenditure: $2,141,800; variance: $479,400

5. The unutilized balance of $479,400 under this heading was largely attributable to savings under purchase of vehicles. Only four vehicles were bought at a lower per-unit cost instead of eight, as had been budgeted, and four other vehicles were transferred from the Base. Of the savings of $59,900 under petrol, oil and lubricants, $51,700 was due to recording of generator fuel requirements under the more appropriate utilities budget line. These savings were partially offset by additional requirements under rental of vehicles ($28,500) owing to the need to lease two additional ambulances to replace ageing ambulances which had been provided under contingent-owned equipment arrangements; and under workshop equipment ($23,500) as a result of the need to purchase a multi-purpose hoist.

Air operations

Apportionment: $1,354,900; expenditure: $1,363,800; variance: ($8,900)

6. Additional requirements totalling $112,400 arose under aviation fuel and lubricants, positioning/depositioning costs, painting/preparation and liability and war-risk insurance largely as a result of underestimation or not being foreseen. These over-expenditures were offset in part from savings under hire/charter costs ($103,500), which were due to tight control over the utilization of flying hours, and the fact that an amount of $48,946.28, representing a portion of June 1999 costs, was inadvertently not recorded.

Communications

Apportionment: $914,200; expenditure: $787,700; variance: $126,500

7. The overall savings of $126,500 was due mainly to the lower cost of spare parts, reduced charges for communications equipment due to the local procurement of communication items, tight controls placed over telephone usage, and the installation of an Ericsson exchange system in the headquarters, which eliminated commercial telephone dial and leased line charges for internal calls.

Other equipment

Apportionment: $336,300; expenditure: $498,000; variance: ($161,700)

8. Additional requirements of $161,700 under this heading were mainly attributable to the upgrading of the Force's computer hardware and software applications to ensure year 2000 compliance.

Supplies and services

Apportionment: $1,575,300; expenditure: $1,206,400; variance: $368,900

9. The unutilized balance of $368,900 under this heading resulted mainly from savings under contractual services ($312,800), owing to a decrease in the cost of laundry and dry cleaning services as a result of local competitive bidding; field defence stores ($54,800), owing to the transfer of 30,000 sandbags from the Base and a delay in the implementation of the replacement programme for the United Nations Protected Area field defences; and

uniform items, flags and decals ($26,600), owing to the utilization of existing stocks. These savings were partially offset by additional requirements of $77,800 under miscellaneous other services, specifically, a higher actual cost of $42,100 for bank charges.

Other programmes

Training programmes

Apportionment: $7,500; expenditure: $22,800; variance: ($15,300)

10. Additional requirements of $15,300 resulted from the additional training costs undertaken by UNFICYP for its staff in preparation of year 2000 upgrades and for general communications, electronic data processing and finance areas.

United Nations Logistics Base at Brindisi

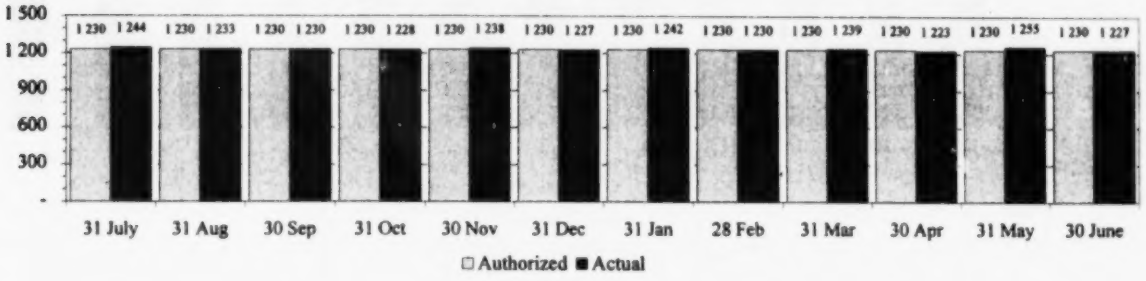
Apportionment: none; expenditure: $363,200; variance: ($363,200)

11. The expenditure of $363,200 represents the prorated share of UNFICYP in the cost of maintaining the United Nations Logistics Base at Brindisi for the period 1 July 1998 to 30 June 1999, based on General Assembly resolution 52/241.

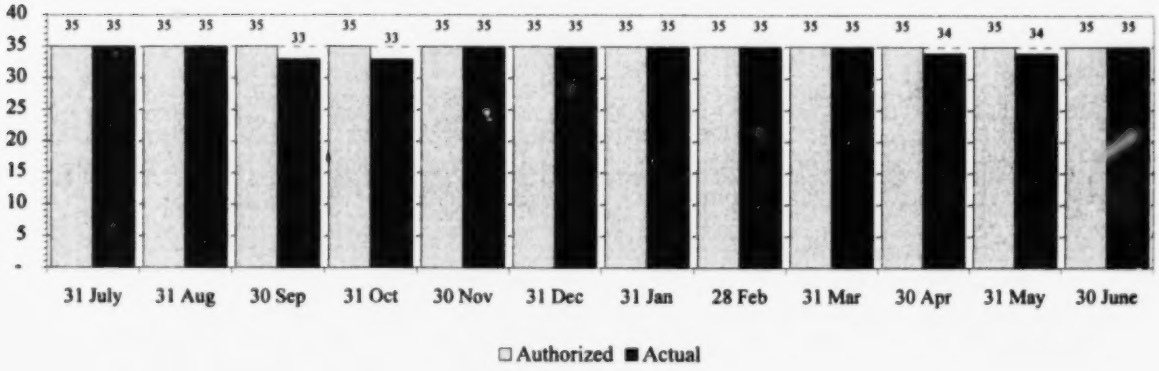
Annex III

Planned and actual deployment of military and civilian personnel for the period from 1 July 1998 to 30 June 1999

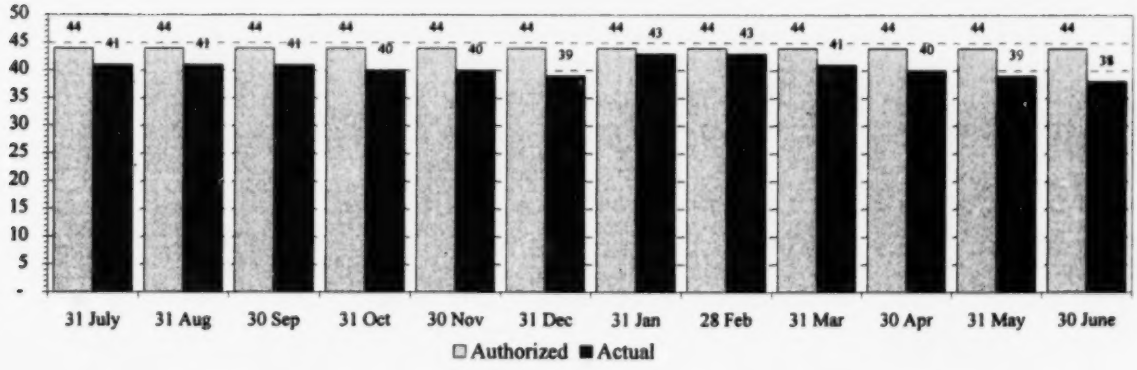
1. Military contingents



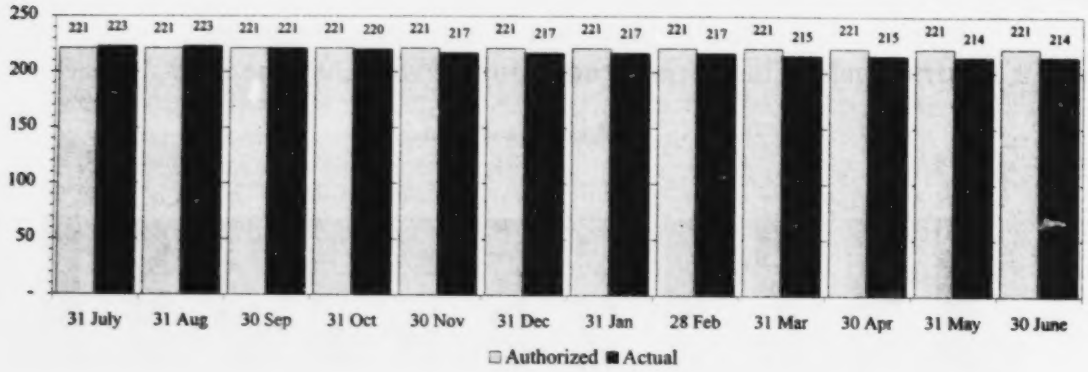
2. Civilian police



3. International staff



4. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 1998 to 30 June 1999